

Message Text

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INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

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AMEMBASSY ROME

USMISSION EC BRUSSELS

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USMISSION OECD PARIS

UNCLAS LONDON 01742

E.O. 11652: N/A

TAGS: ELAB, UK

SUBJECT: CHRYSLER DISPUTE THREATENS RESCUE OPERATION

SUMMARY - A STRIKE WHICH THREATENS THE ENTIRE CHRYSLER RESCUE OPERATION REMAINS UNRESOLVED, AS ABOUT 5,000 WORKERS AT THE COMPANY'S LINWOOD PLANT IN SCOTLAND VOTED OVERWHELMINGLY FEBRUARY 2 TO CONTINUE A DISPUTE OVER PAY. THE ADVISORY CONCILIATION AND ARBITRATION SERVICE (ACAS) HAS BEEN TRYING TO MEDIATE. AND LEADERS OF ONE OF THE MAJOR UNIONS INVOLVED, THE AUEW, ARE CONCERNED AND EMBARRASSED ABOUT THE IMPLICATIONS OF THE DISPUTE. END SUMMARY.

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1. THE DISPUTE CENTERS ON WHAT APPEARS TO BE A RELATI-

VELY NARROW ISSUE. THE UNION AT THE CHRYSLER LINWOOD PLANT IS INSISTING THAT LESS THAN 60 PACKERS WHO WERE TRANSFERRED TO LINWOOD FROM ANOTHER SMALL SCOTTISH PLANT CLOSED DOWN BY THE COMPANY SHOULD BE PAID THE SAME RATE AS THE LINWOOD PACKERS. THE DIFFERENCE BETWEEN THE TWO RATES IS ABOUT ONE POUND. HOWEVER, THERE ARE OTHER ISSUES. CHRIS BAUR WRITING IN THE "FINANCIAL TIMES" (FEB. 2) REPORTS A UNION CHARGE THAT THE COMPANY HAS RENEGED ON A NEGOTIATING PROCEDURES AGREEMENT, AND THAT IF THE UNION ACCEPTS THE COMPANY POSITION ON THE PACKERS, WORKERS WILL LOSE OUT IN TRANSFERS PENDING FROM OTHER PLANTS IN THE CHRYSLER SYSTEM.

2. BAUR ALSO NOTES THAT "A SIGNIFICANT NUMBER OF EMPLOYEES APPEAR TO HAVE LITTLE OR NO FAITH IN THE FUTURE OF THE PLANT, WHICH HAS OPERATED UNDER PERIODIC THREATS OF CLOSURE FIRST BY ROOTES AND THEN BY CHRYSLER SINCE IT OPENED IN 1963." IN ADDITION, BAUR EXPLAINS THAT THE MODERATE LEADERSHIP OF LINWOOD'S 300-STRONG SHOP STEWARD GROUP "HAS NOW BEEN OUTMANOEUVRED BY MILITANTS, MANY OF WHOM BELONG TO TROTSKYIST ORGANIZATIONS" AND WHO HAVE BEEN SEEKING CONFRONTATION OVER CHRYSLER DISMISSALS FOLLOWING THE RESCUE DEAL.

3. UNION LEADERS AT THE NATIONAL LEVEL APPEAR WORRIED AND EMBARRASSED BY THE STRIKE. JOHN BOYD, THE MODERATE GENERAL SECRETARY OF THE AMALGAMATED UNION OF ENGINEERING WORKERS (AUEW), CALLED THE ACTION "ILL-ADVISED" AND BOB WRIGHT, LEFT-WING MEMBER OF THE AUEW EXECUTIVE, WITH WHOM WE TALKED, MADE IT CLEAR THAT HE STRONGLY HOPED FOR A QUICK SOLUTION. HE ADMITTED THAT THE PAY ISSUE WAS NOT A SUFFICIENT CAUSE FOR THE DISPUTE.

4. MSNY OBSERVERS, OF COURSE, NOTE THE IRONY INHERENT IN THIS SITUATION. IT WAS TO A LARGE EXTENT -- AT LEAST A MAJOR CONSIDERATION -- THE UNWILLINGNESS TO SEE THE SCOTTISH PLANT GO UNDER WHICH CONTRIBUTED TO THE GOVERN-

MENT DECISION TO AID CHRYSLER. SECRETARY OF STATE FOR
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INDUSTRY, ERIC VARLEY. HAS NOW THREATENED THE WITHDRAWAL OF NEXT INSTALLMENT OF FINANCIAL AID TO CHRYSLER IF THE DISPUTE IS NOT SETTLED SOON. NEGOTIATIONS HAVE BEEN RESUMED TODAY WITH THE HOPE THAT A SETTLEMENT, IN FACT, WILL BE ACHIEVED.

5. COMMENT: THE DISPUTE DRAMATICALLY HIGHLIGHTS THE VIEW EXPRESSED BY THE CENTRAL POLICY REVIEW STAFF IN ITS RECENT SURVEY: "THE FUTURE OF THE BRITISH CAR INDUSTRY." THE REPORT DECLARES: "THERE IS NOT THE SLIGHTEST CHANCE

OF BRITAIN RETAINING A VOLUME CAR INDUSTRY AT ANYTHING
LIKE ITS PRESENT SIZE IF PRESENT SHOP FLOOR ATTITUDES
PERSIST. PRESENT 'TRENCH WARFARE' ATTITUDES OF MANAGE-
MENT AND LABOR WILL NOT SERVE IN THE ASSEMBLY INDUSTRIES
OF 20TH CENTURY WESTERN EUROPE."

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